



June 12, 2008

Emerald Bay Municipal Utility District
155 La Salle Drive
Bullard, Texas 75757

Dear District and CCN Residents:

The District is pleased to present its second annual Consumer Confidence Report (CCR). This report, along with previous reports, is also available for your review at the District web page. <http://www.emeraldbay-tx.gov/report.htm>

The Consumer Confidence Report is a state mandated report and by law must contain certain subject matter as prescribed by the Texas Commission on Environmental Quality (TCEQ). It is intended to insure that consumers of public water are informed as to the condition of their public water supply. Required information relating to public education, where your water comes from, public participation opportunities, and testing results supplied to the district by the TCEQ are included in this report.

You will notice that the **“Results of Testing”** section of this report shows greatly expanded test data as compared to last year’s report. This is because the district was issued conditional well permits to commence operations in August of 2006. Those permits are based on privately obtained lab samples and test results submitted to the TCEQ when our water wells were drilled. Privately obtained test results were not supplied back to the district for last year’s (2006) report. **This year’s report, representing calendar year 2007, contains lab results representing state obtained samples and test results. Those samples were taken by the TCEQ in 2007.**

Lastly, as of this date, we have had **no** positive coliform or fecal coliform results since startup.

On another subject, I am pleased to announce that the District has completed the restructuring of your water system revenue bond. As some of you are already aware, the previous interest rate on the water bond was 4.68% amortized over 20 years with a 10 year balloon payment now due in 8 years. (Please note that we have been paying on the note for almost 2 years.) This balloon payment was of concern to your board because of the uncertainty of long term interest rates and other unstable economic factors.

**Emerald Bay Municipal Utility District, 155 La Salle Drive, Bullard, Texas 75757
Telephone: (903) 825-6960**

Our newly negotiated rate is 4.18%, *a full .5% lower*. The risk of having an inflated interest rate when the balloon comes due in 8 years *has been removed*. Additionally, we have agreed with Capital One Bank, the bond holder, to keep our current payment the same over the remainder of the note which is 18 years. This action combined with the reduction in the interest rate will result in an estimated *\$135,000.00 savings to the District* and the note will be retired before the full 20 year term is reached.

I would like to take this opportunity to acknowledge the District Treasurer, Ray Hartley, and the District's finance team headed up by George Holmes and comprised of Jim Parker, David Terry, and John Murphy for their contribution to this effort.

Respectfully submitted,

William F. Harris

William F. Harris
President, Emerald Bay Municipal Utility District